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Next 1 Page(s) In Document Denied

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25X1

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

18 June 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : [REDACTED]
Assistant National Intelligence Officer for USSR-EE

SUBJECT : Monthly Warning Assessment: USSR-EE
(Meeting held on 16 June 1981)

25X1

Polish Developments

1. The pace of change in the Communist Party continues to gather momentum. Of the six incumbent Politburo members and candidate members elected as delegates to the forthcoming Party Congress (and thus eligible for possible re-election to the Politburo), all but one can be categorized as moderate or liberal. Regional party conferences continue to be held, with in most cases a high rate of turnover in executive committees -- 35-65 percent on the average.

2. Last week's Central Committee plenum was a watershed event: the Soviets clearly wanted, but did not get, the ouster of Kania and Jaruzelski. The outcome of the plenum was that the Congress will be held as scheduled, Kania gained a modicum of public support (reflected in his subsequent election as a delegate to the party Congress), and the moderate wing of the leadership was strengthened. Language in the resolution adopted by the plenum suggested, however, a possible credentials fight at the Congress.

3. If the Congress is held, it is likely to choose a new leadership with an overwhelmingly liberal Central Committee and at least a moderate Politburo. The Congress will probably be preoccupied with what undoubtedly will be a hotly contested election of new leaders; it will, therefore, probably not make major programmatic decisions.

25X1

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25X1

4. In the runup to the Congress, Solidarity will probably seek to avoid provocative political battles -- thus indirectly supporting Kania and Jaruzelski.

5. The personnel turnover within leading bodies at all levels in the party (including party committees in the military high command), constitutes a serious threat to the future careers of many incumbent officials, and they will attempt to resist liberalization. The Soviets will probably attempt to mobilize this "careerist" resistance, as well as more politically-motivated obstruction. Soviet as well as East German and other East European representatives have been circulating in Poland attempting to identify potential collaborators and drum up support for hard-line action. It is not clear to what extent the Soviets have comprehensively orchestrated the conservative reaction to the "renewal" trend in the party -- from the Katowice Party Forum in May to the attack by Grabski and other hardliners on Kania's stewardship of the party at the recent Central Committee plenum. But, at the very least, the Soviets have been trying to create an environment in which conservative elements within the party can come forward.

6. The economic prospects for Poland are gloomy. Industrial production in May was down 18-19 percent below May 1980, and coal production -- critical from the standpoint of hard currency earnings needed to finance vital imports of spare parts and machinery -- was 20 percent below 1980. Absenteeism and low labor productivity in industry are widespread. The outlook for the harvest is presently good, although this could be affected by weather, and the food supply today is improving a bit. There are shortages, nevertheless, of meats and high-quality goods. Whether Poland will be able to repay its debts remains to be seen; it has reached a rescheduling agreement with foreign governmental creditors, but rescheduling with private creditors has proved more difficult. We estimate that the Soviets have transferred about \$1 billion in hard-currency to Poland this year, plus soft-currency credits; but they have announced that they would not continue to do so.

7. In bilateral relations, the Soviet letter of 5 June to the Polish Central Committee constituted the most serious Soviet attempt so far to state publicly what the USSR does not like in Poland. By publicizing their letter in the Soviet press after completion of the plenum, the Soviet leadership further escalated the campaign against Kania and Jaruzelski and has made it more difficult for the USSR to back down later.

8. In the future, the Soviets will closely monitor the results of the ongoing Party election campaign and keep up their pressure. Probably the Soviets now regard internal tensions in Poland as desirable -- as a means of derailing reform; but the Poles see this too, and are avoiding confrontation -- through actions likely to be interpreted by the Soviets as still further concessions and anti-Soviet gestures.

9. The Soviets are still seeking means to resolve the Polish problem without armed intervention, perhaps through provocation and destabilization. The fact that the Soviet leadership has deliberately chosen not to inflame anti-Polish feeling in the USSR with news about anti-Soviet defacing episodes

TOP SECRET

25X1

in Poland suggests the leadership has not committed itself irrevocably yet to an invasion. Between now and the convening of the Congress in July we might expect to see such moves as another Soviet letter to the Polish Central Committee aimed at convening still another Central Committee plenum, Soviet imposition of a bilateral meeting between the Polish Politburo and Soviet leaders, or a Warsaw Pact summit -- all directed at postponing the Congress or exerting pressure on it.

25X1

12. The sense of the meeting was that, at least as long as ambiguity remained in the outcome of Polish developments, the Soviets would probably refrain from military intervention. The Soviets probably feel that July 14, when the Congress begins, is not the last chance they will have to influence Polish events, and they may therefore continue to bide their time, hoping that rising internal tensions will give them the opportunity -- if need be -- to employ military force.

The Middle East

13. The situation in Lebanon since our last Warning Memorandum has not changed significantly as far as the Soviet position is concerned. The Soviets have threatened to support Syria, but at the same time have indicated that such support would not be unlimited and that the scope of their Friendship Treaty with Syria does not extend to Syrian activity in Lebanon. The Soviets have continued to attack US efforts to mediate the crisis, while responding to Arafat's pleas not to sell out the Palestinians in order to win Syrian approval. From the Soviet standpoint the present Lebanese crisis has worked out well:

-- There has been no blowup that would threaten a superpower confrontation.

TOP SECRET

25X1

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25X1

25X1

- Soviet leverage with the Syrians has increased.
- The US has been tied more closely to Israel.
- US efforts to mediate the crisis have not been successful, potentially opening the way for the big Middle East conference proposed by the USSR.

14.

[REDACTED] It is reliably reported that a joint Soviet-Syrian naval exercise will be held from 5 to 10 July, involving a Soviet-Syrian search for a single Soviet submarine committed to the exercise, and an amphibious landing north of the Syrian port of Latakia by 300 Soviet naval infantry simulating an Israeli attack. No major Soviet surface combatants are scheduled to take part in the exercise. While one might have expected the Soviets under the present circumstances to supply higher grade weapons to Syria, they have in fact not taken this step.

25X1

25X1

15. In the wake of the Israeli attack on Iraq's nuclear facility, the Soviets have attempted to reap a big propaganda harvest but have avoided mention of their Friendship Treaty commitment to Iraq.

Cuba

16. In the first five months of 1981 the Soviets have delivered an estimated 31,000 tons of military equipment to Cuba -- a sharp increase over the annual average of 20,000 tons per year delivered between 1976-80. No new weapons systems have been seen this year. We believe that several reasons account for the acceleration of deliveries:

- A new five-year upgrading and replacement cycle for the Cuban military.
- Cuban fear of US retaliatory military action and efforts to stockpile supplies.
- Transshipments of Soviet supplies to Nicaragua.
- Offsets for Cuban military aid to Nicaragua.
- Arming of the recently-created Cuban territorial militia.

We are unable, however, to allocate volumes of deliveries to each of these categories. There is accumulating evidence that the Soviets have been playing a more active role behind the scenes in the Nicaraguan arms buildup than we earlier estimated.

TOP SECRET

25X1
25X1

TOP SECRET

25X1

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Yugoslavia: Kosovo

17. The disturbances among ethnic Albanians in Kosovo represent the most serious problem yet faced by the post-Tito leadership. There may be guerrilla activity in Kosovo, and instability may spread to Albanians living elsewhere in Yugoslavia. Major unrest could flare up again in Kosovo. The problem, nevertheless, poses no immediate threat to the stability of the Yugoslav leadership. Despite Yugoslav/Albanian polemics, Belgrade will probably not sever relations with Tirana.

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25X1

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25X1
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